

STATE OF SOUTH CAROLINA

Request of South Carolina Electric & Gas Company
for Approval of Contract for Electric Service with MTU
Detroit Diesel, Inc.

Contract 227080
Confidential Treatment - 227081
BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
COVER SHEET
DOCKET
NUMBER: 2010 - 397 - E

(Please type or print)

Submitted by: Matthew W. Gissendanner

SC Bar Number: 76027

Address: SCANA Corp.
220 Operation Way, MC-C222
Cayce, SC 29033

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Other: _____

Email: matthew.gissendanner@scana.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

- ☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously
- ☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input checked="" type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input checked="" type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

RECEIVED

DEC 02 2010

PSC SC
CLERK'S OFFICE



Matthew W. Gissendanner
Senior Counsel

matthew.gissendanner@scana.com

December 2, 2010

VIA HAND DELIVERY

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RECEIVED

DEC 02 2010

PSC SC
CLERK'S OFFICE

RE: South Carolina Electric & Gas Company
Request for Approval of Contract for Electric Service with MTU Detroit Diesel,
Inc.

Dear Ms. Boyd:

Pursuant to 26 S.C. Code Ann. Regs. 103-303, South Carolina Electric & Gas Company ("SCE&G" or "Company") hereby files and seeks approval of a Contract for Electric Service ("Contract") between SCE&G and MTU Detroit Diesel, Inc. ("MTU"), with such approval to be made effective as of November 6, 2010, the effective date of the Contract. The Contract continues through November 6, 2015 unless an early termination is mutually agreed upon by the parties. The Contract is automatically extended thereafter until terminated by either party. The Contract is related to MTU's recent decision to open a new manufacturing facility at the former SKF USA plant in the Sage Mill Industrial Park in Graniteville, South Carolina. MTU is a subsidiary of the Germany-based Tognum Group, a global leader in diesel propulsion and power systems. At the new facility in Aiken County, MTU will assemble Series 2000 and Series 4000 general purpose diesel engines and will machine engine parts such as cylinder heads and other large components that are costly to ship from overseas. The Tognum Group has committed to a \$45 million investment in the new facility that is expected to bring 250 jobs to the Aiken County area over the next four years. As market demand increases in the coming years, the 270,000 square-foot facility will allow for future expansion.

Due to the commercial sensitivity and proprietary nature of certain provisions of this Contract as well as the highly competitive nature of the industry in which MTU operates, the Company and MTU respectfully request that the Public Service Commission of South Carolina ("Commission") find that the Contract contains protected information and issue a protective order barring the disclosure of this agreement under the Freedom of Information Act, S.C. Code Ann. §§ 30-4-10 *et seq.*, 26 S.C. Code Ann. Regs. 103-804(S)(1), or any other provision of law.

Pursuant to S.C. Code Ann. Regs. 103-804(S)(2), the determination of whether a document may be exempt from disclosure is within the Commission's discretion.

To this end, and in accordance with Commission Order No. 2005-226, dated May 6, 2005, in Docket No. 2005-83-A, we enclose with this letter a redacted version of the Contract that protects from disclosure the sensitive, proprietary and commercially valuable information, while making available for public viewing non-protected information. We also enclose a copy of the unredacted Contract in a separate, sealed envelope and respectfully request that, in the event that anyone should seek disclosure of this unredacted Contract, the Commission notify SCE&G of such request and provide it with an opportunity to obtain an order from this Commission or a court of competent jurisdiction protecting the Contract from disclosure.

Enclosed are the following:

- (1) A true and correct copy of the original Contract in a sealed envelope marked "CONFIDENTIAL." Each page of the Contract is also marked "CONFIDENTIAL."
- (2) Ten copies of a redacted copy of the Contract for filing and public disclosure.

By copy of this letter, we are providing the South Carolina Office of Regulatory Staff ("ORS") with a redacted copy of the Contract for its records. Additionally, SCE&G will make the original, unredacted copy of the Contract available to ORS for its review.

Thank you for your assistance and consideration of this matter. If you have any questions, please do not hesitate to contact us at your convenience.

Very truly yours,



Matthew W. Gissendanner

MWG/mcs
Enclosure

cc: Jeffrey M. Nelson, Esquire
(via hand delivery)

ORIGINAL

South Carolina Electric & Gas Company
CONTRACT FOR ELECTRIC SERVICE

This original
to be returned
to SCE&G Company

Effective Date: 11-6-10 Contract No.: E3110024

THE PARTIES HEREIN NAMED AGREE TO THE FOLLOWING

Customer's Legal Name: MTU Detroit Diesel, Inc.

Trade or Local Name: MTU

Premises Served: Sage Mill Industrial Park Facility

Service Address: 1038 Sage Mill Pkwy, Graniteville, SC 29829

Billing Address: 13400 W Outer Rd, Redford, MI 48239-1309

Initial Term Ends: 5 Years from Effective Date; Service Date: continuing

Minimum Notice of Termination: 12 Months after initial term.

Supply: 12.47/7.2 kV Service Method: 12 kV distribution

Delivery: 12.47/7.2 Volts, 3 Phase, 4 Wire, Wye Connected

Point of Service: Source side of Customer's 15 kV switchgear

Metered Voltage: 12.47/7.2 Volts; Meter Location: Company switch cabinet

Billing Rate: 23 Contract Demand: 1,000 kW Maximum Capacity: 2,000 KVA

Build-up Period: 6 months

SIC: 3519

Special Provisions/Extra Facilities/Explanations: (Acct. No. 2-2100-8523-2580) The purpose of this Contract is to establish the New Customer.

MTU DETROIT DIESEL INC.

By: *D. J. Barton*

Print: BARTON

Title: DIR OF PURCHASING

A. Lorscheid
LORSCHIED

CFO

SOUTH CAROLINA ELECTRIC & GAS COMPANY

By: *William G. Watkins*

Print: William G. Watkins

Title: Manager - Large Customer Accounts & Services

I. GENERAL

This Contract is being executed between South Carolina Electric & Gas Company ("Company") and MTU Detroit Diesel Inc. ("Customer") for and on behalf of themselves, their successors and assigns, and supersedes all previous oral or written contracts/agreements covering the electric service to the Premises.

EXHIBIT "A"

Except as otherwise noted, all provisions of Industrial Power Service Rate 23 or its successor/equivalent in effect at the time of billing (herein referred to as Rate 23) will be part of this Contract. A copy of the Rate 23, currently in effect, is attached.

Section I – Billing

Beginning with the first meter reading subsequent to the execution of this contract for electric service and extending for five (5) years, Customer will be billed according to a Contract Rate, consisting of: 1) a Basic Facilities Charge; 2) an Energy Charge; 3) a Demand Charge; and, 4) an Economic Development Credit, as follows:

- 1) Basic Facilities Charge: The Basic Facilities Charge shall be the Basic Facilities Charge currently included in Industrial Power Service Rate 23 (IPS Rate 23).
- 2) Energy Charge: The Customer's Energy Charge shall be determined by applying the Energy Charge per kWh in the Company's IPS Rate 23, in effect at the time of billing, to the billing kWh as measured by the Company.
- 3) Demand Charge: The Customer's Demand Charge shall be Demand Charge for "All KW of Billing Demand" in the Company's IPS Rate 23, in effect at the time of billing, applied to the Billing Demand kW as determined by the Company.

Beginning with the sixth year of this Contract for Electric Service and continuing thereafter, Customer will be billed according to the Company's IPS Rate 23 in effect at the time of billing.

Approval Initials

B.B.
For Customer

QGW
For Company

Section II – Regulatory Approval

Company and Customer hereby agree to keep the terms of this Contract confidential. The Customer agrees to support the Company in its request to the South Carolina Public Service Commission to file this Contract under seal. This Contract is subject to the approval of the Commission and any and all provisions herein are subject to change by order(s) of the Commission.

Section III – Confidentiality

The terms of this Contract are considered confidential by Company and Customer and, as such, neither party shall release same or any of the terms thereof to third parties except as may be reasonably necessary to disclose to employees or agents in the analysis of business issues related to this Contract on a need-to-know basis (provided such persons are instructed as to the confidential nature of such material) or as may be required by Law. The existence of this Contract is not confidential.

Approval Initials	<u>D.B. [Signature]</u>	<u>NGW</u>
	For Customer	For Company

STANDARD CONDITIONS

Supply and Use: Company agrees to sell and Customer agrees to buy from Company all purchased electric energy, capacity, related transmission services and any related distribution services required by Customer for use on its premises covered hereunder. Resale by Customer of energy, capacity, related transmission or related distribution services is not permitted.

Creditworthiness: Company, in order to satisfy itself of the ability of the Customer to meet its obligations under the contract may conduct periodic reasonable credit reviews in accordance with standard commercial practices. Customer agrees to assist in these reviews by providing financial information and at the request of the Company, will maintain such credit support or surety including but not limited to, an unconditional and irrevocable letter of credit to provide adequate security for protection against the risk of nonpayment.

Service Application, Deposit and Release: Prior to receiving service, Customer or its Agent must: (a) Ensure that an application for service is made to Company, either in person at one of Company's commercial offices or through the Company representative coordinating the service arrangements; (b) Post a service deposit with Company (as determined by Company in accordance with S.C. Public Service Commission regulations), unless waived by Company in favor of other satisfactory assurance for payment of bills; and (c) Ensure that any inspections required by governmental authorities having jurisdiction are completed and notice thereof is given to the Company.

Commencement of New Service: Company and Customer shall make every reasonable effort to have their respective facilities ready for service by the **Service Date** stated on Page 1. If conditions should change, the affected party shall immediately notify the other.

Assignment: Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent may be withheld in the exercise of its sole discretion.

Term: This Contract shall commence on the **Effective Date** (the date on which this contract is fully executed) and shall continue for the full **Initial Term**, unless an early termination is mutually agreed upon. Thereafter, it will extend automatically until terminated by either party giving the other a written **Minimum Termination Notice**. Billing for service rendered hereunder shall commence on the **Service Date** (the date customer contracts for service under the tariff applicable to this contract) or the date that service is first made available, whichever is later, or in accordance with terms stated under **Special Provisions**.

Termination: Should Customer terminate this contract and disconnect service for any reason, either during the initial term or any extension thereof unless waived as provided for herein, Customer shall pay to the Company a facilities termination charge equal to (a) the total installed cost of facilities dedicated solely for serving Customer, (b) less any Customer contribution to construction, (c) less accumulated depreciation of the facilities funded by Company, (d) less salvage value of all facilities dedicated solely for serving Customer, (e) plus the cost of removal (including any associated environmental investigation/remediation costs related to a spill or release of hazardous substances caused by Customer or those paid or incurred by the Company which were not the result of negligence on the part of the Company), all as determined by Company in accordance with its standard accounting practices; provided, however, that the termination charge shall not be less than zero. Customers who terminate prior to the expiration of the initial term or any extension thereof may also be required to pay to Company a demand termination charge equal to 90% of the maximum demand set during the term times the demand rate in effect at the time of termination times the number of months remaining in the contract period.

Approval Initials D.B. [Signature] LGW
For Customer For Company

Company may waive a portion or all of the termination charges where (1) a successor contract is executed prior to termination of this Contract, or (2) Customer is able to furnish Company with satisfactory evidence that a successor customer will occupy the premises within a reasonable time and contract for substantially the same service facilities. If deregulation should occur during the term of this contract, the above demand termination charge, after deregulation, will be determined by appropriate governing authority(ies) rules at that time. The termination charges above shall not preclude additional termination charges approved by the SCPSC or imposed by law.

Impaired Service: Customer shall be responsible for installing and maintaining on its system such protective equipment as necessary for protecting its equipment from single phase conditions, momentary interruptions or voltage fluctuations arising from conditions on its system or from Company's supply lines. Customer shall not operate its equipment of such nature and in such manner as to impose voltage flicker, surges, or harmonics on Company's system that adversely affects the Company's system or its service to other Customers. Adverse conditions verifiable as of Customer origin shall be corrected promptly by Customer or upon Notice Company may discontinue service until the conditions are corrected. Customer agrees to keep Company equipment unencumbered and accessible at all times.

Load Increase: If Customer contemplates a load increase which may exceed the **Maximum Capacity** stated on Page 1, Customer shall give Company written notice of planned increase, with sufficient lead time for Company to enlarge its facilities. In such cases this Contract may be amended by mutual consent of the parties to reflect any changes in the service characteristics, applicable charges or conditions of service.

Facility Relocation: Should Customer request Company to relocate any of its facilities, or take any action which will require Company to relocate its facilities, Customer shall reimburse Company for the costs incurred.

Hold Harmless: Company and Customer do respectively assume full responsibility for the maintenance and operation of the facilities owned and/or operated by each, and each shall indemnify and except as hereafter limited, shall hold the other harmless from any loss resulting from bodily injury (including death) or damage of property arising directly or indirectly out of any negligent or willful act or failure to act on the indemnitor's part in the installation, maintenance, operation, replacement and/or removal of the facilities owned and operated by each. Neither party shall be liable to the other in any event, whether in contract, tort or otherwise, for any loss of revenue, profits, use of production, costs of capital or purchased or replacement power, interest, business interruption, claims of customers or any other incidental, indirect or consequential damages of any nature whatsoever. Customer(s) acknowledge(s) the presence of overhead and/or underground power lines and understands that contact with them could cause serious injury or death.

South Carolina Public Service Commission: This Contract, the **Billing Rate** referenced on Page 1, and all services rendered hereunder, are subject to the Company's "General Terms and Conditions" as approved by the Commission, and to the "Rules and Regulations" of the Commission, as the foregoing now exist or may be amended in the manner prescribed by law. The billing Rate and General Terms and Conditions are attached and made a part hereof; Rules and Regulations are made a part by reference and are available upon request. This contract is specifically intended to survive deregulation or retail access.

Bold Print Terms: Bold Print terms reference the corresponding completed blanks on Page 1.

Approval Initials	<u>D.B.</u>	<u>WGW</u>
	For Customer	For Company